



THE DEPUTY SECRETARY OF TRANSPORTATION
WASHINGTON DC 20590

January 3, ~~2011~~ 2012

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Mr. Roelof van Ark
Chief Executive Officer
California High-Speed Rail Authority
770 L Street, Suite 800
Sacramento, CA 95814

Dear Mr. van Ark:

At the December 15, 2011, hearing about the California High Speed Rail Plan, there were questions whether Federal funds awarded to the California High Speed Rail Authority (CHSRA) for the initial construction segment of the project in the Central Valley could be re-allocated to other projects in Southern California or the San Francisco Bay Area. While this matter was addressed by Federal Railroad Administrator Joseph Szabo in his December 15, 2011, written and oral testimony, we wish to further clarify the U.S. Department of Transportation's position.

As our Under Secretary for Policy stated in his letter to you dated May 25, 2011, the decision to begin the project in the Central Valley was and remains the correct one, based on careful consideration of the options put forward by California through a competitive application process. Because of the advanced stage of the environmental review process and preliminary design, construction can begin and be completed in the Central Valley more quickly than in the more densely populated urban areas of Southern California or the Bay Area, and, importantly, within the statutory timeframe for High-Speed and Intercity Passenger Rail American Recovery and Reinvestment Act funding to be expended by the end of Fiscal Year 2017. The land-use patterns and flat terrain found in the Central Valley also allow for lower acquisition costs, less complex system designs, and higher prospective speeds.

The population of the Central Valley is expected to more than double in size by 2050, from 6.1 million to 13.2 million people, making the region more populous than Illinois, Pennsylvania, or Ohio. The California high speed rail (HSR) system will help to deal with the surge in intercity travel demand created by the projected population growth in the Central Valley, as well as provide relief from some of the worst air pollution in the Nation.

With this project, CHSRA has the opportunity to demonstrate America's capacity to design, build, and operate a world-class HSR service through the Central Valley. The segment through the Central Valley will demonstrate the American rail industry's technological and operational capabilities.

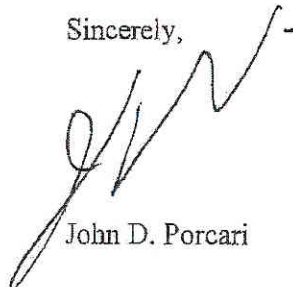
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Beginning the project in the Central Valley will provide the core north-south infrastructure for California's HSR system, allowing the next segments (either north to the Bay Area or south to the Los Angeles Basin) to be selected for further development based on important factors such as project readiness and funding availability.

For all these reasons, including that no other project could satisfy the statutory deadline, the Federal Railroad Administration cannot re-allocate the Recovery Act and Fiscal Year 2010 funds committed to the Central Valley Project to other projects in California.

We welcome CHSRA's new approach in your draft 2012 Business Plan to move first to a "blended system" that would provide for incremental investments in existing rail infrastructure in the Los Angeles Basin and San Francisco Bay Area. We look forward to working with CHSRA and the regional rail authorities to explore other sources of State, Federal, and private funding to support those investments in the near term.

Sincerely,

A handwritten signature in black ink, appearing to read 'John D. Porcari', written over the printed name.

John D. Porcari